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RECORD OF ORAL HEARING

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte PETER T. ROBERTSON, DONALD BASHLINE,
and JASON DEPASQUALE

Appeal 2010-007495
Application 10/601,118
Technology Center 3600

Oral Hearing Held: September 16, 2010

Before MURRIEL E. CRAWFORD, ANTON W. FETTING and
JOSEPH A. FISHETTI, *Administrative Patent Judges.*

APPEARANCES:

ON BEHALF OF THE APPELLANT:

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The above-entitled matter came on for hearing on Thursday, September16, 2010, commencing at 9:01 a.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia, before Dawn A. Brown, Notary Public.

THE USHER: Calendar Number 28, Appeal Number 2010-007495. Mr. Nowotarski.

JUDGE CRAWFORD: Hello.

MR. NOWOTARSKI: Good morning.

JUDGE CRAWFORD: You can begin whenever you're ready.

MR. NOWOTARSKI: Okay. Well, good morning, and thank you for hearing our case. I wanted to emphasize this morning certain key points from our Brief, so that when you render your opinion on our Appeal, your job will hopefully be that much easier.

I'll start with a summary of the claimed subject matter, I will then go on to review Claim 37, which is the independent claim, and I will then -- excuse me, I will then go on to address each of the rejections that the Examiner has presented to us.

The first is the 112 first paragraph rejection. The second is the 112 second paragraph rejection. And the third is the 103 A rejection.

In terms of the summary of the claimed subject matter, the claimed subject matter is directed to a method for improving the ability of an auto insurance company to determine how likely a person is to have future accidents and file future insurance claims and to recover damages from those accidents. It is based on the premise that the expected number of future insurance claims filed by a perspective insured is related to perspective insured's personality. In order for a driver to file an insurance claim, the driver must

have an accident and report it to an insurance company. The method, therefore, provides to a prospective insured questions related to personality traits associated with both having an accident and reporting an accident. The key thing in this invention is that the Applicants are able to find a way to cull down a large personality questionnaire into just four key questions. This is a reproducible method and can be used to generate additional questions as needed. After a while, these questions use their utility because people figure out what the right answer is.

That point about being able to cull down a large set of questions to a small set of questions is a point that the Examiner really seemed to have difficulty with. The Examiner emphasizes that we have not -- we were not in possession of more than the four questions we presented.

That is not the hard part. You can always add irrelevant questions to a key set of four and still show a correlation because you have got those key four. The hard part is getting it down to four. So instead of asking an insurance applicant to answer, say, a hundred questions, they only have to answer four related to personality.

JUDGE FISCHETTI: Let me interrupt you for a second.

MR. NOWOTARSKI: Sure.

JUDGE FISCHETTI: Bottom of Page 8, top of Page 9 in your Specification, are you saying there you can get up to ten questions as you've identified and still be effective in this process?

MR. NOWOTARSKI: Absolutely, yes.

Now, the prior art alludes to the fact that personality might be related to how you drive and whether or not you have an accident. The core piece of prior art that was cited against us, Haner, was done in the '60s. He presented

some sort of personality test and did correlations to insurance claims. But Haner gives no guidance at all on how to generate these questions. He does not present the questions and doesn't tell you how to make additional sets. The Examiner feels that Lajunen makes up for that. Lajunen talks about all sorts of surveys and so forth and correlations. But Lajunen never correlates personality traits to accidents, so Lajunen is no help either.

We had difficulty convincing the Examiner of this. And so what we did was we hired an outside expert, a Dr. Thompson who has a Ph.D. in psychometric testing. We posed questions to him. He gave us answers which supported our position. We presented those to the Examiner.

And unfortunately, whereas the Examiner acknowledged that Dr. Thompson was an expert in the field, he did not act according to what Dr. Thompson was saying. And that is really kind of the core of why we're appealing. Once we realized the Examiner was not going to take what was presented by an expert opinion, we felt it best to put it before the Board.

How much time do I have left, may I ask?

JUDGE CRAWFORD: About until 21 after.

MR. NOWOTARSKI: Okay. Great.

Let's turn to Claim 37 and just run through those steps. Claim 37 is a method for risk classification of a perspective insured. When someone applies for automobile insurance, they are prospective insured, they are presented with these questions. The auto insurance puts them in a risk class -- high premium, low premium or medium.

JUDGE FISCHETTI: Can I interrupt you for a second time? I'm stuck a bit on Lajunen. Apparently the argument is that this reference teaches using empirical data versus non-empirical data. Is that the problem with Lajunen?

MR. NOWOTARSKI: No. Let me explain what Lajunen is about. Lajunen is a psychological researcher in Finland, I believe, and what he is trying to do as a psychological researcher is draw a correlation between standard measures of personality -- introverted, extroverted, agreeable and so forth -- and what he calls traffic-specific measures. These are questionnaires specifically designed to measure driver behavior.

That is a psychological investigation. And his goal was to show you could use results of standardized personality tests and relate those to driver behavior.

As a part of that, he also asked about accidents. And he does not make any correlations between what we're talking about, standard personality factors, and accidents.

JUDGE FISCHETTI: What is the Spolander derivative study about? Doesn't that teach motivational factors, determinative of driver behavior?

MR. NOWOTARSKI: No. Spolander -- well, first, I haven't read Spolander. We just know about Spolander by reference in here. And we asked Dr. Thompson to say, What do you read about Spolander here? Spolander was just trying to understand the relationship between a person's perception of their own driving ability -- Am I a safe driver? -- and the actual driving behavior they exhibited. That really is unrelated to personality. That is just self-perception of your own driving behavior. Does that answer your question?

JUDGE FISCHETTI: But your self-assessment, though, is still based on some sort of questionnaire, though; is that right?

MR. NOWOTARSKI: Yes, there is a questionnaire. Do you drive faster than most people? Do you feel you're safer than most people? That sort of thing.

JUDGE FISCHETTI: Okay.

MR. NOWOTARSKI: Okay. The Claim 37, there are seven steps. We're asserting that five are missing from the prior art. We have our expert to back that up. And, of course, as you know, if any one of those is missing, why, then, the Examiner's 102 rejection is dissipated.

The process is basically providing these questions, getting answers, classifying into risk class, and then there is the subsequent steps of how do you get these questions. You compose a large survey of candidate questions. You provide those to a sample population.

JUDGE FISCHETTI: Why is that sample population number so critical? Because it looked like the prior art was hovering around 113 and your Brief says, oh, no, 200 versus 113 is a big deal. Tell me why.

MR. NOWOTARSKI: Well, these are expensive to do and computationally difficult to deal with. So going from roughly a hundred to 200 is a lot more effort.

I guess I was making more of a technical point with the Examiner on that. We're not going to say we're anyone special because we have 200, quite frankly.

JUDGE FISCHETTI: All right.

MR. NOWOTARSKI: But the Examiner didn't make that point. The Examiner referred to Spolander who is unrelated. So that is not the key point of why we feel the Examiner ought to be overturned.

So we collect the information. We analyze it. Now, here is a key point. When we get the results of these personality surveys from the sample population, we also get conventional classification criteria such as age. And one of the things you always have to be careful of is when you see a correlation, it is not due to some other thing that is incidentally correlated with the questions that you ask.

So you have to, the statistical term is "control for" these other things. So we control for age, marital status, years of driving experience. We suck out of the data everything that can be accounted for by conventional things, and then what is left over is truly attributable to our questions.

And our experimental results we showed we could -- we were five times better at accounting for the relationship between answers and accidents and insurance claims than we were using these questions and if we hadn't used these questions. So we get them down to four more target questions, and as we say, we do that analysis by a technique called multiple correlation.

Now, the Examiner's position was that, you know, we ran the experiment, we came up with four questions. He said you don't have more than four. I think I've addressed that. The hard part is going below four, not above four. And it really would be a disservice to the Applicant because the Examiner had offered us. He said, look, if you go for just four, I'll give you the claim. But, you know, it is trivial to add another question that is unrelated. Now, you're up to five and you're around the claim. So we feel we're certainly in possession of four and that is why we insisted upon that limitation in the claim.

In terms of the 112 second paragraph, the Examiner said it is unclear how

the questions -- I believe he is referring to the target questions -- are selected. I don't know how we could be more clear. It is laid out in the spec and our expert backs us up.

JUDGE FISCHETTI: What about that 5-percent objection that was made under 112?

MR. NOWOTARSKI: The 5-percent confidence interval?

JUDGE FISCHETTI: Yes.

MR. NOWOTARSKI: When you do statistical analysis, you recognize the possibility that you always might be wrong. You know, things could have come out by accident that way. So in statistics, you measure. You say, what is the probability that this was due to the fact of just dumb luck? That is a confidence interval. A 5-percent confidence interval means there is a 5-percent chance that it was just dumb luck.

When we ran our test, our confidence interval was .2 percent. So yes, it is possible it was just by accident that this correlation was shown, but that would only happen .2 percent of the time. And in statistics, you recognize that fact and say I know that is true, but accepting that, I'm still going to go with the fact that there is really something going on here.

JUDGE FISCHETTI: So this is the disclosure on Page 10 that you say supports that 5-percent usage in the claims?

MR. NOWOTARSKI: Sure. Let me pull up that. Yes. You're talking about the sentence, "The five-fold increase in predictive power is found significant at the 5-percent level"?

JUDGE FISCHETTI: That is right.

MR. NOWOTARSKI: Yeah.

JUDGE FISCHETTI: So there is support, then, in the Specification?

MR. NOWOTARSKI: Absolutely, yes.

Should I continue to address the 103 issues?

JUDGE FISCHETTI: O.K., I had all my questions answered.

JUDGE FETTING: I know this hasn't been brought up in the prosecution, but just reading the claim language, it occurs to me that you're taking some questions, stuff that is written down.

MR. NOWOTARSKI: Right.

JUDGE FETTING: You're doing some statistical analysis to select some questions, stuff that is written down.

MR. NOWOTARSKI: Right.

JUDGE FETTING: It sounds like you have an input of printed matter and an output of printed matter and why should we give any patentable weight to any of the questions? They're just like the instructions.

MR. NOWOTARSKI: There is a really powerful machine between that input and output.

JUDGE FETTING: But even so. I mean, I don't see the machine in the claim. I see statistical analysis. But I don't see circuitry. I don't see the actual programming involved. I see what looks like relatively conventional statistical analysis.

MR. NOWOTARSKI: Well, let's go to the claim. I think the key limitation is down at the end of the claim, the wherein clause, where we say, "Wherein said step of analyzing said information to select said four or more target questions is carried out on a particular computer modified to calculate multiple correlations and the levels of confidence thereof."

Now, you say it is a conventional statistical technique, and that is true in the sense that if we say the term "multiple correlation" to someone with a Ph.D. in psychometrics, they know what we're talking about.

JUDGE FETTING: Excuse me. I mean, I've taken several courses in statistics and certainly we learned how to do multiple correlations in the first semester.

MR. NOWOTARSKI: Right.

JUDGE FETTING: Now, it may be at a more primitive level than you're discussing, but I don't see anything in the claim that distinguishes what we learned in the first semester from what a Ph.D. would be doing.

MR. NOWOTARSKI: Well, I think that is a question of scale.

JUDGE FETTING: Where is it in the claim, though?

MR. NOWOTARSKI: Well, it is in the 200 or more -- excuse me, the 50 or more questions provided to 200 or more people.

JUDGE FETTING: Again, my first semester statistics course showed me how to take populations and, you know, how to adjust the equations for different levels of populations and sample sizes.

MR. NOWOTARSKI: That is true. But I'm saying in terms of computational difficulty, the task here is --

JUDGE FETTING: The computation itself is not in the claim, so computational difficulty does not seem to be at issue. If it is not in the claim, I don't see how it is at issue.

MR. NOWOTARSKI: Again, so that I understand better.

JUDGE FETTING: Okay.

MR. NOWOTARSKI: If we assert that -- if the claim states that the

calculations have to be done on a computer modified to do the statistical analysis and we put numbers in for how much work has to be done, you're saying that doesn't put scale on the computation? Or am I not hearing that correctly?

JUDGE FETTING: Not necessarily. If it is the same equation -- I mean, the same equation has variables for the number -- for the population size and the sample size. I mean, it is just a question of plugging in the numbers into the variables. I mean, correlation --

MR. NOWOTARSKI: Right.

JUDGE FETTING: -- equations are well known, well defined and have been used for probably a century now.

MR. NOWOTARSKI: Right.

JUDGE FETTING: It is just not clear to me from the claim how this is different from conventional -- I mean, it seems to me you've come up with the variables that you want to throw into a fairly generic statistical analysis and you're trying to patent that particular set of variables. And I'm saying, well, if that is the issue, isn't that nonfunctional descriptive material?

MR. NOWOTARSKI: The conceptual breakthrough, let's start with that and then I'll address your point. All the prior researchers had attempted to take their large questionnaires, hundreds of questions, calculate personality variables, which they cared about, and then relate those personality variables to accidents and they all failed. All right?

What we did, the surprising thing was we said, forget about the personality variables. Let's dive straight into the answers and, you know, we have to take these -- let's take them two at a time, three at a time, four at a time, five

at a time, all the different permutations of questions and find the set of questions, the smallest set of questions that still has correlated value.

JUDGE FETTING: But I don't see what you have just said in this claim, all these permutations and things like that.

MR. NOWOTARSKI: Right. Well, you make a good point. I think if the Examiner had raised that point, we would have responded either with modifying the claim to make that more explicit or presenting expert opinions that say it is inherently there.

JUDGE FETTING: Okay. Okay. Thank you. I just --

MR. NOWOTARSKI: That is a good point, though.

JUDGE CRAWFORD: Any more questions?

Thank you.

MR. NOWOTARSKI: Thank you very much.

Whereupon, the proceedings at 9:21 a.m. were concluded.